

# **MANDENI MUNICIPALITY**

## **(KZN 291)**



## **ADJUSTMENT BUDGET**

### **2014/2015**

**2 Kingfisher Road  
Mandeni  
4490**

## *Table of Contents*

### **PART 1 –**

<b>ADJUSTMENT'S BUDGET.....</b>	<b>3</b>
<i>Mayor's Report .....</i>	<i>3-4</i>
<i>Resolutions.....</i>	<i>4</i>
<i>Executive Summary.....</i>	<i>5-9</i>
<i>Adjustments Budget tables.....</i>	<i>10-18</i>

### **PART 2 –**

<b>SUPPORTING DOCUMENTATION .....</b>	<b>10</b>
<i>Adjustments to budget assumptions.....</i>	<i>12</i>
<i>Ability of the municipality to spend and deliver on the programmes.....</i>	<i>14</i>
<i>Adjustments to budget funding.....</i>	<i>14</i>
<i>Adjustments to expenditure on allocations and grant programmes.....</i>	<i>14</i>
<i>Adjustments to capital expenditure.....</i>	<i>15</i>
<i>Other supporting documents.....</i>	<i>19</i>
<i>Municipal manager's quality certificate.....</i>	<i>25</i>

## PART 1 ADJUSTMENT BUDGET

### SPEECH BY THE MAYOR OF MANDENI MUNICIPALITY COUNCILLOR SB ZULU PRESENTED TO THE MUNICIPAL COUNCIL ON THE 25 FEBRUARY 2015, 2014/2015 ADJUSTMENT BUDGET

Honourable Speaker,  
Deputy Mayor,  
Councillors,  
Municipal Manager, Directors and Staff,  
Members of the Media and Public,  
Ladies and Gentlemen.

It gives me a great sense of honor and gratitude to stand in front of this august house to table one of the most critical component of our financial governance system, the 2014/15 Adjustment budget.

The 2014/15 adjustments budget takes the municipality closer to the end of 2011 -2016 term of governance and is therefore an essential part of consolidating the priorities and finalizing critical deliverables identified at the beginning of the term.

After assessing the mid-term performance of the municipality from the report of the accounting officer it is our responsibility to ensure that the allocation of resources and the collection of revenue is achieved in terms of section 54 (1) (d) of MFMA that says, thereafter the Mayor must:

- (a) Issue any appropriate instructions to the accounting officer to ensure-
  - (i) That the budget is implemented in accordance with the service delivery and budget implementation plan; and
  - (ii) That spending of funds and revenue collection proceed in accordance with the budget;

Madam Speaker this period follows the strategic session that was held in Jozini where some of the priorities identified need to be laid on the foundation of the current budget.

We are aware of the national priorities which affect us, locally, and the concerns based on the Mid-term budget policy statement 2014, speech by the finance minister.

Being that the case Madam Speaker there is no extra money added to this adjustment budget. However, we are increasing revenue based on the reality that our debtors' level has increased. That has a direct correlation to the penalties and interest being charged. **R4 million** is allocated for that.

The acknowledgement of the grants rolled over have an impact to increase the adjustment budget up by **R14 million**.

As part of our achievement for a Blue flag status, the Beach facilities grant of **R600 000** is received from Province.

Madam Speaker the MFMA makes provision, through the adjustment budget, for what is considered unforeseeable and unavoidable expenditure i.e. expenditure which in all sensibleness could not have been anticipated by the departments at the beginning of the financial year. For that reason we are reallocating funds to address this.

As details are provided in the adjustment budget document, **R21,9 million** expenditure is increasing our operating budget. **R13 million** of this amount is a non cash item that accounts for the depreciation of assets.

The revised performance on the capital budget suggested that we postpone our capital program to the total value of **R15 million**. This amount includes the start of the building of municipal offices and the revised cash flows on the Neighbourhood Development Program.

Madam Speaker, none of these allocations includes wasteful expenditure. We continue to give support to the accounting officer to reinforce the implementation of cost cutting measures without affecting service delivery. A culture of doing more for less is required and outsourcing must be limited to the extreme requests.

I therefore proposed the adoption of the adjustment budget 2014/15 as attached on the agenda

I thank you

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**Mayor  
Cllr. S.B. Zulu**

## **Resolutions**

It is resolved:

- That the Council adopts the Adjustment Budget for 2014/2015 in terms of Section 28(2) of the MFMA.
- **2014/2015 Adjustment Budget Resolution No: C067**

## **1. EXECUTIVE SUMMARY**

In terms of Section 28(1) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (hereinafter referred to as the MFMA), A municipality may revise an approved annual budget through an adjustment budget, but no later than 28 February of the current year:-

- (2) An adjustment budget-
    - (a) must adjust the revenue and expenditure estimates downwards if there is material under collection of revenue during the current year;
    - (b) may appropriate additional revenues and that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;
    - (c) may, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;
    - (d) may authorise utilisation of projected savings in one vote towards spending under another vote;
    - (e) may authorise the spending of funds that were unspent at the end of the past financial year where the under spending could not reasonably have been foreseen at the time to include projected roll-overs when the annual budget for the current year was approved by the council;
    - (f) may correct any errors in the annual budget;
    - (g) may provide for other expenditure within a prescribed framework
  - (3) An adjustment budget must be in a prescribed form.
  - (4) Only the mayor may table an adjustment budget in the municipal council, but an adjustment budget in terms of subsection (2)(b) to (g) may only be tabled within any prescribed limitations as to timing frequency.
- 1.2 Thereafter, the mayor must, in terms of Section 54. (1)
- (a) Consider the report;
  - (b) Check whether the municipality's approved budget is implemented in accordance with the service delivery and budget implementation plan;
  - (c) Consider and, if necessary, make any revisions to the service delivery and budget implementation plan, provided that revisions to the service delivery targets and performance indicators in the plan may only be made with the approval of the council following the approval of an adjustments budget;
  - (d) Issue any appropriate instructions to the accounting officer to ensure-
    - (i) That the budget is implemented in accordance with the service delivery and budget implementation plan; and

- (ii) That spending of funds and revenue collection proceed in accordance with the budget;
- (e) Identify any financial problems facing the municipality, including any emerging or impending financial problems; and
- (f) Submit the report to the council by 31 January of each year

## **2. ADJUSTMENT BUDGET GUIDELINES, ASSUMPTIONS AND PRIORITIES**

### **2.1 Guidelines and Assumptions**

In adjusting the budget we are guided by the following:

- (a) The amendment gazette issued in December 2014 on grant allocations has been considered.
- (b) Expenditure made including unforeseen and unavoidable expenditure approved by the Executive Mayor in terms of section 28 of the MFMA
- (c) The cash flow situation and performance thereof in the first half of the financial year will play a critical role on the review of the budget.
- (d) Capital expenditure budget funded from external source will be adjusted downwards due to the gazetted grant decrease.
- (e) Medium Term Budget Policy Statement 2014 Speech

**Medium Term Budget Policy Statement 2014 Speech**  
**Nhlanhla Nene**  
**Minister of Finance**  
**22 October 2014**

**State concerns**

Slow growth and uncertain economic outlook.

Critical questions, how to generate growth and reduce inequality.

Not enough progress raising income and reducing poverty.

Far too many people are unemployed.

We import considerably more than we export.

We now expect **growth of about 1.4** per cent in the South African economy this year, rising to 3 per cent by 2017.

Tax revenue is below our budget projection.

**Gross fixed capital formation will increase by about 4 per cent this year,**

mainly driven by public sector infrastructure projects. Private sector investment growth remains subdued, but should gather momentum over the period ahead.

**Consumer price inflation is expected to average 5.9** per cent in 2013, and to remain within the 3 to 6 per cent target band next year.

**A trade deficit of 2.6 per cent of GDP** was recorded in the first half of 2013, contributing to deterioration in the current account of the balance of payments to about 6½ per cent of GDP.

**National Development Plan**

Our National Development Plan is about both growth and redistribution –expanding output and incomes and building a more inclusive and more equal society.

To achieve this vision these are aspects to transformation challenge:

- How we utilise land and our mineral resources,
- How we organise transport, energy and communication networks,
- How we manage cities and local government,
- How we improve education and health services,
- How we reform our social security and welfare services,
- How we broaden ownership and enterprise development, and
- How we engage with Africa and the rest of the world.

## **Fiscal framework**

The fiscal framework set out in the MTBPS is as follows.

In order to reduce the budget deficit from 4.1 per cent this year to 2.5 per cent over the next three years, the expenditure ceiling will be lowered by R10 billion in 2015/16 and R15 billion in 2016/17. To effect the lower ceiling, national government will:

- Freeze budgets of non-essential goods and services at 2014/15 levels;
- Withdraw funding for posts that have been vacant for some time; and
- Reduce the rate of growth of transfers to public entities, particularly those with cash reserves.

Across national departments, planned expenditure on travel and subsistence, conference venues and catering has been cut. Advertising and communications budgets have been reduced. Allocations for consultant services have been capped.

Lower government consumption also requires prudent management of the public-sector wage bill, while maintaining the real value of public service salaries.

About R15 billion a year in additional revenue will need to be raised. Details will be announced in the 2015 budget. The revenue measures will be designed to limit as far as possible any negative impact on growth and job creation.

## **Medium term expenditure priorities**

Our medium term objective is to ensure that public spending promotes growth and creates an environment for greater private sector investment. To this end, we are targeting three priority spending areas.

- First, we will support cities to improve living conditions, modernize transport and communications infrastructure, expand the urban economy and promote trade and investment.
- Secondly, we will reinforce support for export competitiveness and job creation.
- Thirdly, we will expand the skills base: R800 billion is proposed over the MTEF period for education and skills development.

## **Service delivery impact**

The municipality will not balance the budget on the backs of the poor. This means that intensive effort has to be focused on achieving the intended savings and maximising efficiency.

This will include a focus on procurement costs. In November, we will release a Public Procurement Review which clearly outlines reforms to be implemented over the next five years.

- Cost-containment measures will be reinforced to identify goods and services expenditure that can be eliminated without affecting service delivery.
- A culture of doing more with less is required. For example, Treasury is working with municipalities to link the disbursement of infrastructure grants more tightly to the efficient delivery of capital projects.
- We will continue to fight waste and corruption, supported by our audit institutions and stringent monitoring and reporting requirements.

More details of these measures will be provided in the 2015 Budget Review.

## **2.2 Performance assessment**

After the Accounting Officer has assessed the performance of the municipality and has presented the report to the Mayor, the Mayor shall then review the report and propose the following adjustments in the budget.

### **3. BUDGET ADJUSTMENT**

#### **3.1 SUMMARY**

<b>R Thousands</b>	<b>Original Budget</b>	<b>Adjustment</b>	<b>Adjusted Budget</b>
<b>Operating budget</b>	152 398	21 910	174 308
<b>Capital budget</b>	90 497	-12 579	77 918
<b>Total Budget</b>	<b>242 895</b>	<b>9 331</b>	<b>252 226</b>

## 3.2 Operating budget

KZN91 Mandeni - Table B1 Adjustments Budget Summary - 25 January 2015

Description	Budget Year 2014/15										Budget Year +1 2015/16	Budget Year +2 2016/17
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavod.	Nat. or Prov. Govt	Other	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget	
	A	A1	B	C	D	E	F	G	H			
R thousands												
<u>Financial Performance</u>												
Property rates	31 685	-	-	-	-	-	4 000	4 000	35 685	34 926	37 865	
Service charges	19 606	-	-	-	-	-	-	-	19 606	20 665	21 781	
Investment revenue	2 500	-	-	-	-	-	500	500	3 000	2 635	2 777	
Transfers recognised - operational	97 242	-	-	-	-	600	-	600	97 842	121 444	125 582	
Other own revenue	1 365	-	-	-	-	-	14 373	14 373	15 738	1 438	1 516	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>152 398</b>	-	-	-	-	<b>600</b>	<b>18 873</b>	<b>19 473</b>	<b>171 871</b>	<b>181 108</b>	<b>189 521</b>	
Employee costs	55 829	-	-	-	-	-	-	-	55 829	58 844	62 257	
Remuneration of councillors	9 718	-	-	-	-	-	-	-	9 718	10 242	10 836	
Depreciation & asset impairment	5 973	-	-	-	-	-	13 000	13 000	18 973	6 873	7 238	
Finance charges	-	-	-	-	-	-	-	-	-	-	-	
Materials and bulk purchases	26 437	-	-	-	-	-	500	500	26 937	27 865	29 369	
Transfers and grants	-	-	-	-	-	-	1 550	1 550	1 550	1 634	1 722	
Other expenditure	54 440	-	-	-	-	-	6 860	6 860	61 300	75 649	78 098	
<b>Total Expenditure</b>	<b>152 398</b>	-	-	-	-	-	<b>21 910</b>	<b>21 910</b>	<b>174 308</b>	<b>181 108</b>	<b>189 521</b>	
<b>Surplus/(Deficit)</b>	<b>0</b>	-	-	-	-	<b>600</b>	(3 037)	(2 437)	(2 437)	(0)	(0)	
Transfers recognised - capital	62 334	-	-	-	-	-	(6 089)	(6 089)	56 245	62 334	62 334	
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-	-	
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>62 334</b>	-	-	-	-	<b>600</b>	(9 126)	(8 526)	53 808	62 334	62 334	
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	
<b>Surplus/ (Deficit) for the year</b>	<b>62 334</b>	-	-	-	-	<b>600</b>	(9 126)	(8 526)	53 808	62 334	62 334	
<u>Capital expenditure &amp; funds sources</u>												
<b>Capital expenditure</b>	<b>90 257</b>	-	-	-	-	<b>(6 089)</b>	<b>(7 490)</b>	<b>(13 579)</b>	<b>76 678</b>	<b>89 367</b>	<b>80 475</b>	
Transfers recognised - capital	62 334	-	-	-	-	(6 089)	-	(6 089)	56 245	49 528	51 363	
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-	
Borrowing	-	-	-	-	-	-	-	-	-	-	-	
Internally generated funds	28 163	-	-	-	-	-	(6 490)	(6 490)	21 673	39 839	29 112	
<b>Total sources of capital funds</b>	<b>90 497</b>	-	-	-	-	<b>(6 089)</b>	<b>(6 490)</b>	<b>(12 579)</b>	<b>77 918</b>	<b>89 367</b>	<b>80 475</b>	
<u>Financial position</u>												
Total current assets	93 712	-	-	-	-	-	18 373	18 373	112 085	-	-	
Total non current assets	315 675	-	-	-	-	-	(13 000)	(13 000)	302 675	-	-	
Total current liabilities	13 208	-	-	-	-	-	14 373	14 373	27 581	-	-	
Total non current liabilities	10 000	-	-	-	-	-	-	-	10 000	-	-	
<b>Community wealth/Equity</b>	<b>505 708</b>	-	-	-	-	-	(9 000)	(9 000)	<b>496 708</b>	-	-	
<u>Cash flows</u>												
Net cash from (used) operating	77 520	-	-	-	-	-	6 063	6 063	83 583	-	-	
Net cash from (used) investing	(90 780)	-	-	-	-	-	6 089	6 089	(84 691)	-	-	
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-	-	
<b>Cash/cash equivalents at the year end</b>	<b>53 264</b>	-	-	-	-	-	<b>12 152</b>	<b>12 152</b>	<b>65 416</b>	-	-	
<u>Cash backing/surplus reconciliation</u>												
Cash and investments available	76 922	-	-	-	-	-	14 373	14 373	91 295	-	-	
Application of cash and investments	(24 532)	-	-	-	-	-	11 565	11 565	(12 967)	-	-	
<b>Balance - surplus (shortfall)</b>	<b>101 454</b>	-	-	-	-	-	<b>2 808</b>	<b>2 808</b>	<b>104 262</b>	-	-	
<u>Asset Management</u>												
Asset register summary (WDV)	294 434	-	-	-	-	-	-	-	294 434	314 934	322 914	
Depreciation & asset impairment	5 973	-	-	-	-	-	13 000	13 000	18 973	6 873	7 238	
Renewal of Existing Assets	9 920	-	-	-	-	-	(170)	(170)	9 750	17 805	17 475	
Repairs and Maintenance	24 937	-	-	-	-	-	7 212	7 212	32 149	30 794	32 456	
<u>Free services</u>												
Cost of Free Basic Services provided	1 160	-	-	-	-	-	-	-	1 160	-	-	
Revenue cost of free services provided	4 710	-	-	-	-	-	-	-	4 710	-	-	
<u>Households below minimum service level</u>												
Water:	-	-	-	-	-	-	-	-	-	-	-	
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-	-	
Energy:	15	-	-	-	-	-	-	-	15	-	-	
Refuse:	10	-	-	-	-	-	-	-	10	-	-	

KZN291 Mandeni - Table B2 Adjustments Budget Financial Performance (standard classification) - 25 January 2015

Standard Description	Budget Year 2014/15										Budget Year +1 2015/16	Budget Year +2 2016/17
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget	
R thousands	A	A1	B	C	D	E	F	G	H			
<b>Revenue - Standard</b>												
Governance and administration	120 999	-	-	-	-	-	18 873	18 873	139 872	149 026	154 247	
Executive and council	5 860	-	-	-	-	-	-	-	5 860	6 121	6 396	
Budget and treasury office	115 139	-	-	-	-	-	18 873	18 873	134 012	142 905	147 851	
Corporate services	-	-	-	-	-	-	-	-	-	-	-	
<b>Community and public safety</b>	<b>2 918</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>600</b>	<b>-</b>	<b>600</b>	<b>3 518</b>	<b>1 023</b>	<b>1 078</b>	
Community and social services	2 013	-	-	-	-	600	-	600	2 613	69	72	
Sport and recreation	12	-	-	-	-	-	-	-	12	13	13	
Public safety	893	-	-	-	-	-	-	-	893	942	992	
Housing	-	-	-	-	-	-	-	-	-	-	-	
Health	-	-	-	-	-	-	-	-	-	-	-	
<b>Economic and environmental services</b>	<b>800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>800</b>	<b>316</b>	<b>333</b>	
Planning and development	800	-	-	-	-	-	-	-	800	316	333	
Road transport	-	-	-	-	-	-	-	-	-	-	-	
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	
<b>Trading services</b>	<b>27 680</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27 680</b>	<b>30 743</b>	<b>33 863</b>	
Electricity	16 130	-	-	-	-	-	-	-	16 130	17 839	19 586	
Water	-	-	-	-	-	-	-	-	-	-	-	
Waste water management	-	-	-	-	-	-	-	-	-	-	-	
Waste management	11 550	-	-	-	-	-	-	-	11 550	12 904	14 277	
Other	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Revenue - Standard</b>	<b>152 398</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>600</b>	<b>18 873</b>	<b>19 473</b>	<b>171 871</b>	<b>181 108</b>	<b>189 521</b>	
<b>Expenditure - Standard</b>												
Governance and administration	64 240	-	-	-	-	-	16 680	16 680	80 920	89 708	94 243	
Executive and council	27 512	-	-	-	-	-	2 550	2 550	30 062	28 998	30 628	
Budget and treasury office	22 285	-	-	-	-	-	13 830	13 830	36 115	45 486	47 537	
Corporate services	14 444	-	-	-	-	-	300	300	14 744	15 224	16 077	
<b>Community and public safety</b>	<b>24 924</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24 924</b>	<b>25 096</b>	<b>26 310</b>	
Community and social services	9 908	-	-	-	-	-	-	-	9 908	10 443	11 037	
Sport and recreation	1 079	-	-	-	-	-	-	-	1 079	1 138	1 202	
Public safety	13 937	-	-	-	-	-	-	-	13 937	13 515	14 071	
Housing	-	-	-	-	-	-	-	-	-	-	-	
Health	-	-	-	-	-	-	-	-	-	-	-	
<b>Economic and environmental services</b>	<b>42 323</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(70)</b>	<b>(70)</b>	<b>42 253</b>	<b>44 265</b>	<b>45 724</b>	
Planning and development	25 078	-	-	-	-	-	(370)	(370)	24 708	26 156	27 925	
Road transport	10 199	-	-	-	-	-	300	300	10 499	10 683	9 959	
Environmental protection	7 045	-	-	-	-	-	-	-	7 045	7 426	7 840	
<b>Trading services</b>	<b>20 910</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 300</b>	<b>5 300</b>	<b>26 210</b>	<b>22 039</b>	<b>23 244</b>	
Electricity	15 052	-	-	-	-	-	800	800	15 852	15 865	16 729	
Water	-	-	-	-	-	-	-	-	-	-	-	
Waste water management	-	-	-	-	-	-	-	-	-	-	-	
Waste management	5 858	-	-	-	-	-	4 500	4 500	10 358	6 175	6 516	
Other	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Expenditure - Standard</b>	<b>152 398</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21 910</b>	<b>21 910</b>	<b>174 308</b>	<b>181 108</b>	<b>189 521</b>
<b>Surplus/ (Deficit) for the year</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>600</b>	<b>(3 037)</b>	<b>(2 437)</b>	<b>(2 437)</b>	<b>(0)</b>	<b>(0)</b>

KZN291 Mandeni - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) - 25 January 2015

Vote Description [Insert departmental structure etc]	Budget Year 2014/15										Budget Year +1 2015/16	Budget Year +2 2016/17
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget		
	3	4	5	6	7	8	9	10				
R thousands	A	A1	B	C	D	E	F	G	H			
<b>Revenue by Vote</b>												
Vote 1 - Executive and Council	5 860	-	-	-	-	-	-	-	5 860	6 121	6 396	
Vote 2 - Budget and Treasury	115 139	-	-	-	-	-	18 873	18 873	134 012	142 905	147 851	
Vote 3 - Corporate Services	-	-	-	-	-	-	-	-	-	-	-	
Vote 4 - Community and Social Services	2 013	-	-	-	-	600	-	600	2 613	69	72	
Vote 5 - Sport and Recreation	12	-	-	-	-	-	-	-	12	13	13	
Vote 6 - Public Safety	893	-	-	-	-	-	-	-	893	942	992	
Vote 7 - Housing	-	-	-	-	-	-	-	-	-	-	-	
Vote 8 - Health	-	-	-	-	-	-	-	-	-	-	-	
Vote 9 - Planning and Development	800	-	-	-	-	-	-	-	800	316	333	
Vote 10 - Environmental Protection	-	-	-	-	-	-	-	-	-	-	-	
Vote 11 - Road transport	-	-	-	-	-	-	-	-	-	-	-	
Vote 12 - Waste Management	11 550	-	-	-	-	-	-	-	11 550	12 904	14 277	
Vote 13 - Electricity	16 130	-	-	-	-	-	-	-	16 130	17 839	19 586	
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-	-	-	
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Revenue by Vote</b>	<b>152 398</b>	-	-	-	-	<b>600</b>	<b>18 873</b>	<b>19 473</b>	<b>171 871</b>	<b>181 108</b>	<b>189 521</b>	
<b>Expenditure by Vote</b>												
Vote 1 - Executive and Council	27 512	-	-	-	-	-	2 550	2 550	30 062	28 998	30 628	
Vote 2 - Budget and Treasury	22 285	-	-	-	-	-	13 830	13 830	36 115	45 486	47 537	
Vote 3 - Corporate Services	14 444	-	-	-	-	-	300	300	14 744	15 224	16 077	
Vote 4 - Community and Social Services	9 908	-	-	-	-	-	-	-	9 908	10 443	11 037	
Vote 5 - Sport and Recreation	1 079	-	-	-	-	-	-	-	1 079	1 138	1 202	
Vote 6 - Public Safety	13 937	-	-	-	-	-	-	-	13 937	13 515	14 071	
Vote 7 - Housing	-	-	-	-	-	-	-	-	-	-	-	
Vote 8 - Health	-	-	-	-	-	-	-	-	-	-	-	
Vote 9 - Planning and Development	25 078	-	-	-	-	-	(370)	(370)	24 708	26 158	27 925	
Vote 10 - Environmental Protection	7 045	-	-	-	-	-	-	-	7 045	7 426	7 840	
Vote 11 - Road transport	10 199	-	-	-	-	-	300	300	10 499	10 683	9 959	
Vote 12 - Waste Management	5 858	-	-	-	-	-	4 500	4 500	10 358	6 175	6 516	
Vote 13 - Electricity	15 052	-	-	-	-	-	800	800	15 852	15 865	16 729	
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-	-	-	
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Expenditure by Vote</b>	<b>152 398</b>	-	-	-	-	-	-	<b>21 910</b>	<b>21 910</b>	<b>174 308</b>	<b>181 108</b>	<b>189 521</b>
<b>Surplus/ (Deficit) for the year</b>	<b>0</b>	-	-	-	-	-	<b>600</b>	<b>(3 037)</b>	<b>(2 437)</b>	<b>(2 437)</b>	<b>(0)</b>	<b>(0)</b>

KZN291 Mandeni - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 25 January 2015

Description	Budget Year 2014/15										Budget Year +1 2015/16	Budget Year +2 2016/17
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget	
R thousands	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H			
<b>Revenue By Source</b>												
Property rates	27 685	-	-	-	-	-	-	-	27 685	29 180	30 756	
Property rates - penalties & collection charges	4 000							4 000	4 000	8 000	5 746	7 109
Service charges - electricity revenue	13 056	-	-	-	-	-	-	-	13 056	13 761	14 504	
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	
Service charges - refuse revenue	6 550	-	-	-	-	-	-	-	6 550	6 904	7 277	
Service charges - other												
Rental of facilities and equipment	190								190	200	211	
Interest earned - external investments	2 500						500	500	3 000	2 635	2 777	
Interest earned - outstanding debtors	-						-	-	-	-	-	
Dividends received												
Fines	505						-	-	505	532	561	
Licences and permits	300						-	-	300	316	333	
Agency services												
Transfers recognised - operating	97 242					600	-	600	97 842	121 444	125 582	
Other revenue	370	-	-	-	-	-	14 373	14 373	14 743	389	410	
Gains on disposal of PPE	-						-	-	-	-	-	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>152 398</b>	-	-	-	-	600	18 873	19 473	171 871	181 108	189 521	
<b>Expenditure By Type</b>												
Employee related costs	55 829	-	-	-	-	-	-	-	55 829	58 844	62 257	
Remuneration of councillors	9 718								9 718	10 242	10 836	
Debt impairment	3 218								3 218	3 392	3 575	
Depreciation & asset impairment	5 973	-	-	-	-	-	13 000	13 000	18 873	6 873	7 238	
Finance charges	-						-	-	-	-	-	
Bulk purchases	10 991	-	-	-	-	-	-	-	10 991	11 585	12 210	
Other materials	15 446						500	500	15 946	16 280	17 159	
Contracted services	13 900	-	-	-	-	-	4 000	4 000	17 900	13 476	14 011	
Transfers and grants	-						1 550	1 550	1 550	1 634	1 722	
Other expenditure	37 322	-	-	-	-	-	2 860	2 860	40 182	58 781	60 512	
Loss on disposal of PPE	-						-	-	-	-	-	
<b>Total Expenditure</b>	<b>152 398</b>	-	-	-	-	-	21 910	21 910	174 308	181 108	189 521	
<b>Surplus/(Deficit)</b>	<b>0</b>	-	-	-	-	600	(3 037)	(2 437)	(2 437)	(0)	(0)	
Transfers recognised - capital	62 334						(6 089)	(6 089)	56 245	62 334	62 334	
Contributions									-	-	-	
Contributed assets	-								-	-	-	
<b>Surplus/(Deficit) before taxation</b>	<b>62 334</b>	-	-	-	-	600	(9 126)	(8 526)	53 808	62 334	62 334	
Taxation									-	-	-	
<b>Surplus/(Deficit) after taxation</b>	<b>62 334</b>	-	-	-	-	600	(9 126)	(8 526)	53 808	62 334	62 334	
Attributable to minorities									-	-	-	
<b>Surplus/(Deficit) attributable to municipality</b>	<b>62 334</b>	-	-	-	-	600	(9 126)	(8 526)	53 808	62 334	62 334	
Share of surplus/ (deficit) of associate									-	-	-	
<b>Surplus/ (Deficit) for the year</b>	<b>62 334</b>	-	-	-	-	600	(9 126)	(8 526)	53 808	62 334	62 334	

### 3.3 Capital Budget

<u>Single-year expenditure to be adjusted</u>	253	-	-	-	-	-	-	-	253	-	-
Vote 1 - Executive and Council	253	-	-	-	-	-	-	-	253	-	-
Vote 2 - Budget and Treasury	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services	2 083	-	-	-	-	-	(300)	(300)	1 783	2 706	2 112
Vote 5 - Sport and Recreation	750	-	-	-	-	-	(250)	(250)	500	3 200	5 000
Vote 6 - Public Safety	898	-	-	-	-	-	50	50	948	-	10 000
Vote 7 - Housing	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Health	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Planning and Development	35 967	-	-	-	-	(6 089)	(8 420)	(14 509)	21 458	26 972	5 370
Vote 10 - Environmental Protection	410	-	-	-	-	-	(210)	(210)	200	-	-
Vote 11 - Road transport	38 347	-	-	-	-	-	110	110	38 457	46 489	47 993
Vote 12 - Waste Management	1 300	-	-	-	-	-	(100)	(100)	1 200	-	-
Vote 13 - Electricity	10 250	-	-	-	-	-	1 630	1 630	11 880	10 000	10 000
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	<b>90 257</b>	-	-	-	-	<b>(6 089)</b>	<b>(7 490)</b>	<b>(13 579)</b>	<b>76 678</b>	<b>89 367</b>	<b>80 475</b>
<b>Total Capital Expenditure - Vote</b>	<b>90 257</b>	-	-	-	-	<b>(6 089)</b>	<b>(7 490)</b>	<b>(13 579)</b>	<b>76 678</b>	<b>89 367</b>	<b>80 475</b>
<b>Capital Expenditure - Standard</b>											
<i>Governance and administration</i>	493	-	-	-	-	-	1 000	1 000	1 493	-	-
Executive and council	253	-	-	-	-	-	-	-	253	-	-
Budget and treasury office	90	-	-	-	-	-	-	-	90	-	-
Corporate services	150	-	-	-	-	-	1 000	1 000	1 150	-	-
<i>Community and public safety</i>	3 731	-	-	-	-	-	(500)	(500)	3 231	5 906	17 112
Community and social services	2 083	-	-	-	-	-	(300)	(300)	1 783	2 706	2 112
Sport and recreation	750	-	-	-	-	-	(250)	(250)	500	3 200	5 000
Public safety	898	-	-	-	-	-	50	50	948	-	10 000
Housing	-	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	74 724	-	-	-	-	-	(14 609)	(14 609)	60 115	73 461	53 363
Planning and development	35 967	-	-	-	-	-	(14 509)	(14 509)	21 458	26 972	5 370
Road transport	38 347	-	-	-	-	-	110	110	38 457	46 489	47 993
Environmental protection	410	-	-	-	-	-	(210)	(210)	200	-	-
<i>Trading services</i>	11 550	-	-	-	-	-	1 530	1 530	13 080	10 000	10 000
Electricity	10 250	-	-	-	-	-	1 630	1 630	11 880	10 000	10 000
Water	-	-	-	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	-	-
Waste management	1 300	-	-	-	-	-	(100)	(100)	1 200	-	-
<i>Other</i>	-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	<b>90 497</b>	-	-	-	-	-	<b>(12 579)</b>	<b>(12 579)</b>	<b>77 918</b>	<b>89 367</b>	<b>80 475</b>
<b>Funded by:</b>											
National Government	62 334	-	-	-	-	(6 089)	-	(6 089)	56 245	49 528	51 363
Provincial Government	-	-	-	-	-	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital transfers recognised</b>	<b>62 334</b>	-	-	-	-	<b>(6 089)</b>	-	<b>(6 089)</b>	<b>56 245</b>	<b>49 528</b>	<b>51 363</b>
<b>Public contributions &amp; donations</b>											
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	28 163	-	-	-	-	-	(6 490)	(6 490)	21 673	39 839	29 112
<b>Total Capital Funding</b>	<b>90 497</b>	-	-	-	-	<b>(6 089)</b>	<b>(6 490)</b>	<b>(12 579)</b>	<b>77 918</b>	<b>89 367</b>	<b>80 475</b>

KZN291 Mandeni - Table B6 Adjustments Budget Financial Position - 25 January 2015

Description	Budget Year 2014/15									Budget Year +1 2015/16	Budget Year +2 2016/17
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
<b>ASSETS</b>											
Current assets											
Cash	5 000							-	5 000		
Call investment deposits	48 711	-	-	-	-	-	14 373	14 373	63 084	-	-
Consumer debtors	37 001	-	-	-	-	-	4 000	4 000	41 001	-	-
Other debtors	3 000							-	3 000		
Current portion of long-term receivables								-	-		
Inventory								-	-		
<b>Total current assets</b>	<b>93 712</b>	-	-	-	-	-	18 373	18 373	112 085	-	-
Non current assets											
Long-term receivables								-	-		
Investments	23 211							-	23 211		
Investment property								-	-		
Investment in Associate								-	-		
Property, plant and equipment	292 391	-	-	-	-	-	(13 000)	(13 000)	279 391	-	-
Agricultural								-	-		
Biological								-	-		
Intangible	73							-	73		
Other non-current assets								-	-		
<b>Total non current assets</b>	<b>315 675</b>	-	-	-	-	-	(13 000)	(13 000)	302 675	-	-
<b>TOTAL ASSETS</b>	<b>409 387</b>	-	-	-	-	-	5 373	5 373	414 760	-	-
<b>LIABILITIES</b>											
Current liabilities											
Bank overdraft								-	-		
Borrowing	-	-	-	-	-	-	-	-	-		
Consumer deposits	1 220							-	1 220		
Trade and other payables	7 500	-	-	-	-	-	14 373	14 373	21 873	-	-
Provisions	4 488							-	4 488		
<b>Total current liabilities</b>	<b>13 208</b>	-	-	-	-	-	14 373	14 373	27 581	-	-
Non current liabilities											
Borrowing	-	-	-	-	-	-	-	-	-		
Provisions	10 000	-	-	-	-	-	-	-	10 000	-	-
<b>Total non current liabilities</b>	<b>10 000</b>	-	-	-	-	-	-	-	10 000	-	-
<b>TOTAL LIABILITIES</b>	<b>23 208</b>	-	-	-	-	-	14 373	14 373	37 581	-	-
<b>NET ASSETS</b>	<b>386 179</b>	-	-	-	-	-	(9 000)	(9 000)	377 179	-	-
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)	504 708	-	-	-	-	-	(9 000)	(9 000)	495 708	-	-
Reserves	1 000	-	-	-	-	-	-	-	1 000	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>505 708</b>	-	-	-	-	-	(9 000)	(9 000)	496 708	-	-

KZN291 Mandeni - Table B7 Adjustments Budget Cash Flows - 25 January 2015

Description	Budget Year 2014/15									Budget Year +1 2015/16	Budget Year +2 2016/17
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	A1	B	C	D	E	F	G	H		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Ratepayers and other	43 483							14 373	14 373	57 856	
Government - operating	97 242							600	600	97 842	
Government - capital	62 334							-	-	62 334	
Interest	4 000							500	500	4 500	
Dividends								-	-	-	
<b>Payments</b>											
Suppliers and employees	(129 538)							(9 410)	(9 410)	(138 948)	
Finance charges								-	-	-	
Transfers and Grants								-	-	-	
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>77 520</b>	-	-	-	-	-	-	<b>6 063</b>	<b>6 063</b>	<b>83 583</b>	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE								-	-	-	
Decrease (Increase) in non-current debtors								-	-	-	
Decrease (increase) other non-current receivables								-	-	-	
Decrease (increase) in non-current investments								-	-	-	
<b>Payments</b>											
Capital assets	(90 780)							6 089	6 089	(84 691)	
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(90 780)</b>	-	-	-	-	-	-	<b>6 089</b>	<b>6 089</b>	<b>(84 691)</b>	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans								-	-	-	
Borrowing long term/efinancing								-	-	-	
Increase (decrease) in consumer deposits								-	-	-	
<b>Payments</b>											
Repayment of borrowing								-	-	-	
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>-</b>	-	-	-	-	-	-	-	-	-	-
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(13 260)</b>	-	-	-	-	-	-	<b>12 152</b>	<b>12 152</b>	<b>(1 108)</b>	-
Cash/cash equivalents at the year begin:	66 524							-	-	66 524	
Cash/cash equivalents at the year end:	53 264	-	-	-	-	-	-	12 152	12 152	65 416	-

KZN291 Mandeni - Table B8 Cash backed reserves/accumulated surplus reconciliation - 25 January 2015

Description	Budget Year 2014/15										Budget Year +1 2015/16	Budget Year +2 2016/17
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget	
	A	A1	B	C	D	E	F	G	H			
R thousands												
<u>Cash and investments available</u>												
Cash/cash equivalents at the year end	53 264	-	-	-	-	-	12 152	12 152	65 416	-	-	
Other current investments > 90 days	447	-	-	-	-	-	2 221	2 221	2 668	-	-	
Non current assets - Investments	23 211	-	-	-	-	-	-	-	23 211	-	-	
<b>Cash and investments available:</b>	<b>76 922</b>	-	-	-	-	-	<b>14 373</b>	<b>14 373</b>	<b>91 295</b>	-	-	
<u>Applications of cash and investments</u>												
Unspent conditional transfers	-	-	-	-	-	-	14 373	14 373	14 373	-	-	
Unspent borrowing										-	-	
Statutory requirements										-	-	
Other working capital requirements	(25 532)	-					(2 808)	(2 808)	(28 340)	-	-	
Other provisions										-	-	
Long term investments committed	-	-					-	-	-	-	-	
Reserves to be backed by cash/investments	1 000	-					-	-	1 000	-	-	
<b>Total Application of cash and investments:</b>	<b>(24 532)</b>	-	-	-	-	-	<b>11 565</b>	<b>11 565</b>	<b>(12 967)</b>	-	-	
<b>Surplus(shortfall)</b>	<b>101 454</b>	-	-	-	-	-	<b>2 808</b>	<b>2 808</b>	<b>104 262</b>	-	-	

### 3.4 Adjustments details

Mandeni Municipality		Month	0				0   0	
Operating Budget for the year ended 30 June 2015			Current year 2014/15				2014/15 Medium Term Revenue & Expenditure	
			Approved Budget R	Adjustment	Adjusted Budget R	Pre-Audited Outcome R	Budget Year+1 2015/16 R	Budget Year+2 2016/17 R
Item Code		Description						
		<b>OPERATING REVENUE</b>						
1 070		Penalties	-4 000 000	-4 000 000	-8 000 000	-8 000 000	-5 745 644	-7 109 242
		<b>Sub-total Penalties Imposed and Collection Charges</b>	<b>-4 000 000</b>	<b>-4 000 000</b>	<b>-8 000 000</b>	<b>-8 000 000</b>	<b>-5 745 644</b>	<b>-7 109 242</b>
		<b>INTEREST EARNED EXTERNAL INVESTMENTS</b>						
1 210		Interest on Investments	-2 500 000	-500 000	-3 000 000	-3 000 000	-2 635 000	-2 777 290
		<b>Sub-total Interest Earned External Investments</b>	<b>-2 500 000</b>	<b>-500 000</b>	<b>-3 000 000</b>	<b>-3 000 000</b>	<b>-2 635 000</b>	<b>-2 777 290</b>
1 472		Beach Facilities grant	0	-600 000	-600 000	-600 000	0	0
		<b>Sub-total Grants and Subsidies Received - Operating</b>	<b>-97 242 000</b>	<b>-600 000</b>	<b>-97 842 000</b>	<b>-97 842 000</b>	<b>-121 444 000</b>	<b>-125 582 000</b>
1 765		Sundry Income	0	-14 373 000	-14 373 000	-14 373 000	0	0
		<b>Sub-total Other Revenue</b>	<b>-369 750</b>	<b>-14 373 000</b>	<b>-14 742 750</b>	<b>-14 742 750</b>	<b>-389 386</b>	<b>-410 412</b>
		<b>Total Operating Revenue Generated</b>	<b>-152 397 887</b>	<b>-19 473 000</b>	<b>-171 870 887</b>	<b>-171 870 887</b>	<b>-181 107 618</b>	<b>-189 520 787</b>
		<b>OPERATING EXPENDITURE</b>						
3 710		Depreciation	5 973 346	13 000 000	18 973 346	18 973 346	6 873 187	7 238 131
		<b>Sub-total Depreciation</b>	<b>5 973 346</b>	<b>13 000 000</b>	<b>18 973 346</b>	<b>18 973 346</b>	<b>6 873 187</b>	<b>7 238 131</b>
3 895		Electricity Reticulation	1 000 000	500 000	1 500 000	1 500 000	1 054 000	1 110 916
		<b>Sub-total Repairs and Maintenance</b>	<b>15 445 864</b>	<b>500 000</b>	<b>15 945 864</b>	<b>15 945 864</b>	<b>16 279 941</b>	<b>17 159 058</b>
4 230		Contractors - Refuse	5 940 000	4 000 000	9 940 000	9 940 000	6 260 760	6 598 841
		<b>Sub-total Contracted Services</b>	<b>13 900 000</b>	<b>4 000 000</b>	<b>17 900 000</b>	<b>17 900 000</b>	<b>13 476 060</b>	<b>14 010 501</b>
4 324		Free Basic Electricity	450 000	0	450 000	450 000	474 300	499 912
		Free Basic Refuse	1 100 000	0	1 100 000	1 100 000	1 159 400	1 222 008
		<b>Sub-total Grants and Subsidies Paid</b>	<b>1 550 000</b>	<b>0</b>	<b>1 550 000</b>	<b>1 550 000</b>	<b>1 633 700</b>	<b>1 721 920</b>
4 406		Grant in Aid	120 000	0	120 000	120 000	126 480	133 310
4 479		Subsistance & Travelling	1 109 254	1 300 000	2 409 254	2 409 254	1 169 153	1 232 288
4 409		Busury Fund	100 000	100 000	200 000	200 000	105 400	111 092
4 413		Special programmes	1 340 000	200 000	1 540 000	1 540 000	1 412 360	1 488 627
4 474		Plans and Frameworks	3 758 000	730 000	4 488 000	4 488 000	3 893 432	2 786 177
4 431		Hire Charges	360 929	300 000	660 929	660 929	380 419	400 961
4 454		Public Participation	1 200 000	550 000	1 750 000	1 750 000	1 264 800	1 333 099
4 489		Training and Development	2 200 000	-200 000	2 000 000	2 000 000	2 031 000	2 266 374
4 426		Pension Surcharge	85 000	630 000	715 000	715 000	89 590	94 428
4 443		Legal & Professional	3 019 344	600 000	3 619 344	3 619 344	4 182 913	5 341 255
4 497		Workmens Compensation	200 000	200 000	400 000	400 000	210 800	222 183
		<b>Sub-total General Expenses Other</b>	<b>35 772 287</b>	<b>4 410 000</b>	<b>40 182 287</b>	<b>40 182 287</b>	<b>38 206 785</b>	<b>40 444 863</b>
		<b>TOTAL OPERATING EXPENDITURE</b>	<b>152 397 887</b>	<b>21 910 000</b>	<b>174 307 887</b>	<b>174 307 887</b>	<b>181 107 619</b>	<b>189 520 787</b>
		<b>(SURPLUS) / DEFICIT</b>	<b>0</b>	<b>2 437 000</b>	<b>2 437 000</b>	<b>2 437 000</b>	<b>0</b>	<b>0</b>

### **3.5 Reasons for reprioritization**

#### **3.5.1 Revenue**

##### **i. Penalties**

The pace at which the outstanding debt is increasing is in coloration with the increase in penalties. The penalties as at December 2014 is 101% of the original budget, hence the increase of **R4 000 000**.

##### **ii. Interest on investment.**

Conservatively budgeted income from interest is estimated to increase due to improved cash balances and roll over grants reserved by **R500 000**.

##### **iii. Beach facilities Grant**

The municipality has been given a blue flag status on its Dokodweni beach. Department of Economic Development, Tourism & Environmental affairs in the Province has allocated **R600 000** in the adjustment gazette.

#### **3.5.2 Grant rollovers**

Application for unspent grant was approved by National Treasury. This grant becomes part of revenue sources for recording purposes in terms of Budget reforms. **R14 373 000** is allocated as other income.

### **3.5.3 Expenditure**

#### **i. Depreciation**

Due to accounting policy implementation the recognition of depreciation at year end is processed above the line. Although this depreciation is from backlog depreciation estimate from last year's actual it has been increased by **R13 000 000** to **R18 973 000**.

#### **ii. Electricity reticulation**

To support the prepaid electricity reticulation it is estimated that **R500 000** will be required as overheads.

#### **iii. Contracted services: Refuse**

The delay in the provision of refuse removal from internal resources has caused an increase on expenditure estimated. To avoid unauthorized expenditure the allocation is increased to cover the over expenditure based on the reviewed date to terminate the contract. **R4 000 000** is estimated for this expenditure.

#### **iv. Subsistence and travelling**

The accommodation on strategic planning session and staff on training has resulted in the line item to be overspent. The revised estimate includes policy review expenditure and other municipal sessions by **R1 300 000**. Reallocation from training and development is used supplement this line item.

#### **v. Bursary fund**

Late submission of invoices by tertiary institution resulted in last year's expenditure to be recognised in the current year's budget. An estimate of **R100 000** will be reserved for the current year expenditure.

#### **vi. Special Programs**

This expenditure covered all expenses related to staff function, doctor's consultations for employees testing, war room support, mayoral cup and women's month celebration. To support these programs an allocation of **R200 000** was added

**vii. Plans and frameworks**

It is proposed that the expenditure on Section 78 assessment on waste, Electricity master plan and Public transport plan will be finalized this financial year. An allocation of **R730 000** is made with the savings from Performance Management System.

**viii. Hire charges**

The rental off office space at Mandeni shopping Centre is estimated at **R600 000**.

**ix. Public Participation**

As a means to achieve visibility programs to the community in the next 16 months, an allocation of **R550 000** has been adjusted

**x. Training and development**

Training and development line item is reduced to support the accommodation expenditure under subsistence and travelling budget by **R400 000**.

**xi. Pension surcharges**

Due to increase on staff salaries as a result of a job evaluation exercise last year, the pension fund has performed an assessment of liability. The final result confirms the municipality's liability to pension for some of the employees. An estimated allocation of **R630 000** has been adjusted

**xii. Legal and Professional**

The need was identified to facilitate the processes of organogram and the strategic session resolution implementation and PMS **R 600 000** was allocated to support these.

**xiii. Workmen's compensation**

With the revised formulae for workmen's compensation the department labour sent an invoice of **R400 000**. The increase from original by 100%

### **3.5.4 Capital Expenditure**

#### **Neighborhood development programme Grant**

The allocation for NDPG has been reduced in the mid-term review statement by R6 100 000.

#### **Internal fund**

Internally funded projects have been affected due to delays in implementation; hence the revised cash flows as follows:

Municipal building	(R7 000 000)
IT refresh	R500 000
Land for cemetery	(R1 500 000)
Rehabilitation urban roads	R500 000
Refurbish 11Kva	R1 380 000

### **3.6 Cost cutting measures**

- Cost-containment measures are reinforced without affecting service delivery.
- A culture of doing more with less is required.
- Outsourcing must be limited to extreme request.
- Unfunded programs are stopped. E.g. Sector departments counter funding.
- The BTO to prepare Virement report for unauthorized expenditure.

### **4. B Schedules**

The attached are B schedules in compliance with the budget reporting regulations.